

UNION PACIFIC RAILROAD COMPANY

345 PARK AVENUE



NEW YORK, N.Y. 10022

WILLIAM F. SURETTE
VICE PRESIDENT-FINANCE

February 26, 1975

Morgan Guaranty Trust Company
of New York
23 Wall Street
New York, New York 10015

RECORDATION NO. 7453-B

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~~ADMINISTRATIVE COMMUNICATIONS COMMISSION~~

Gentlemen:

By Letter Agreement, dated June 3, 1974, between Union Pacific Railroad Company (the "Company") and Morgan Guaranty Trust Company of New York (the "Trustee"), it was agreed that if the Equipment Trust Certificates (the "Trust Certificates") to be issued pursuant to the Equipment Trust Agreement, dated as of March 1, 1974 (the "Agreement"), between the Company and the Trustee, are not issued before March 1, 1975, the first principal payment date of such Trust Certificates under the Agreement, the Agreement would be deemed to be terminated, the Company would take appropriate action to effect such termination and the Company would accept title to the equipment referred to in Schedule A of the Agreement from the Trustee without any representations or warranties by, or recourse against, the Trustee. As indicated in the Letter Agreement, following its execution such document was filed with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on June 13, 1974 and was assigned Recordation No. 7453-A.

In a Report and Decision, dated December 12, 1974, in Finance Docket No. 27802, the Interstate Commerce Commission granted the Company an exemption from competitive bidding requirements with respect to the sale of the Trust Certificates. Following the Commission's action, the Company retained The First Boston Corporation to negotiate a private placement of the Trust Certificates. Such efforts have resulted in an agreement by the South Carolina Retirement System to purchase the Trust Certificates. A proposed Purchase Agreement respecting this transaction is being forwarded to you for your review under separate cover.

Morgan Guaranty Trust Company
of New York
February 26, 1975
Page Two

You will note from this proposed Purchase Agreement that the terms of the proposed issuance and sale of the Trust Certificates have been, to a certain extent, changed from those terms set forth in the Agreement. These changes include provisions for payments into a sinking fund, commencing September 1, 1980, through which up to \$1.5 million principal amount of Trust Certificates can be redeemed in any one year, a single maturity date for the Trust Certificates, September 1, 1989, and a first dividend payment date of September 1, 1975.

In light of the foregoing developments, it is obvious that the Trust Certificates can not be issued by March 1, 1975. Not only will an amendment to the Agreement incorporating the changed terms have to be prepared, executed and filed with the Commission, but the Commission's authorization for the Company to assume obligation and liability respecting the issuance of the Trust Certificates will have to be sought and obtained. Consequently, it will be necessary to terminate the Letter Agreement so that the Agreement, as subsequently amended, will remain in effect and the Trust Certificates eventually can be issued thereunder. Therefore, the Company hereby requests that you agree that the Letter Agreement be deemed to be terminated. In consideration for your so agreeing, the Company agrees that if the Trust Certificates are not issued on or before April 30, 1975, it will deem the Agreement to be terminated and will take appropriate action to effect such termination. The Company further agrees that, in such event, it will accept title to the equipment in the manner provided in the Letter Agreement. The Company also agrees that, if the Trust Certificates are issued before April 30, 1975, as a condition to such issuance it will provide you with an Opinion of Counsel as to the matters referred to in the Letter Agreement, including the

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Morgan Guaranty Trust Company
of New York
February 26, 1975
Page Three

filing with the Commission of the Letter Agreement, this
Amendatory Letter Agreement, the Agreement and any amend-
ments to the Agreement, all as provided in Section 6.4
of the Agreement.

Very truly yours,

UNION PACIFIC RAILROAD COMPANY

By: W F Suttle
Vice President-Finance

The foregoing request is here-
by accepted and the Letter
Agreement referred to therein
is hereby terminated.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: P. J. Crooks
P. J. Crooks
Trust Officer

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